

Message Text

PAGE 01 OECD P 27896 271824Z

64

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 ISO-00 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

STR-08 SCEM-02 INT-08 DODE-00 L-03 H-03 DRC-01 /157 W

----- 097427

R 2715012Z OCT 73

FM USMISSION OECD PARIS

TO SECSTATE WASHDC 943

INFO AMEMBASSY NANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

USMISSION EC BRUSSELS UNN

USMISSION GENEVA

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS UNN

AMEMBASSY REYJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 27896 271824Z

LIMITED OFFICIAL USE OECD PARIS 27896

E.O 11652 N/A

TAGS: ETRD, OECD

SUBJ: OECD TRADE COMMITTEE (TC) DISCUSSION OF GOVERNMENT
PURCHASING, OCTOBER 22

1. SUMMARY. TC DISCUSSION DESIGNED TO DECIDE WHETHER
AND WHEN TO HOLD SPECIAL SESSION DEVOTED EXCLUSIVELY TO
GOVERNMENT PURCHASING IN 1973 AS HAD BEEN AGREED IN
PRINCIPLE AT ITS JANUARY MEETING. IT BECAME EVIDENT
BEFORE MEETING THAT ONLY US AND PERAPS ONE OR TWO
OTHER DELS COULD ACCEPT SPECIAL SESSION THIS YEAR AND
THEREFORE TC AGREED AS COMPORMISE TO DEVOTE AT LEAST ONE
FULL DAY TO THIS SUBJECT AT ITS NEXT MEETING (SECOND
HALF OF FEBRUARY) AND TO INSTRUCT TCWP TO CARRY WORK
FURTHER WITH VIEW TO PREPARING TC DISCUSSION. US
REP (RENNER) UTILIZED OCCASION TO (A) PUT MEMBER
COUNTRIES ON NOTICE THAT ADMINISTRATION'S ABILITY TO
WITHSTAND PRESSURE FOR MORE RESTRICTIVE US GOVERNMENT
PURCHASING PRACTICES WAS WANING IN FACE OF SLOW
PROGRESS BY OECD IN ELABORATING OPEN, NONDISCRIMINATORY
CODE, (V) DESCRIBE PROBLEM AS PERCEIVED BY US AND
(C) OUTLINE PRINCIPLES US FELT SHOULD BE EMBODIED
IN GOVERNMENT PROCUREMENT CODE. ACTION REQUESTED. SEE PARA 5
END SUMMARY

2. IN OPENING INTERVENTION, WHICH PROVIDED BASIS FOR
SUBSEQUENT DISCUSSION, RENNER EMPHAISIZED:
(A) HOW PROBELM IS PERCEIVED IN US. US GOVERNMENT
PROCUREMENT SYSTEM IS CHARACTERIZED BY FORMAL MARGINS
OF PREFERENCES FOR DOMESTIC SUPPLIEERS BUT IS BASICALLY
AN OPEN SYSTEM IN SENSE THAT ALL POTENTIAL SUPPLIERS,
FOREIGN AND DOMESTIC, CAN COMPETE FOR CONTRACTS. AS GENERALLY
PERCEIVED BY US, FOREIGN SYSTEMS CONTAIN NO FORMAL
MARGINS OF PREFERENCE BUT ARE BASICALLY CLOSED
SYSTEMS IN SENSE THAT, GENERALLY SPEAKING, ADMINISTRATIVE
MEANS ARE USED TO INSURE THAT PROCUREMENT CONTRACTS
ARE AWARDED TO DOMESTIC SUPPLIERS. US THINKS THAT
OTHER OECD COUNTRIES HAVE GREATER OPPORTUNITY TO GET
GOVERNMENT CONTRACTS IN US THAN US DOES ON OTHER OECD
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 OECD P 27896 271824Z

COUNTRIES GENERALLY. OECD GOVERNMENTS HAVE URGED US
EXECUTIVE BRANCH TO OPPOSE AMENDMENTS, FOR EXAMPLE,
TO ALASKA PIPELINE BILL AND DOD AUTHORIZATION BILL
THAT WOULD HAVE GIVEN PREFERENCES OF ONE KIND OR ANOTHER
TO US PRODUCERS. ADMINISTRATION HAS SUCCESSFULLY
RESISTED THESE AMENDMENTS. BUT PRACTICES OF THER
GOVERNMENTS MAKE IT INCREASINGLY DIFFICULT FOR US TO
DO SO IN FUTURE.

(B) EC PROBLEM. RENNER SAID WE UNDERSTOOD THAT
EC COMMISSION AND MEMBER STATES FIND IT DIFFICULT TO
WORK ON OCD CODE BEYOND CERTAIN POINT UNTIL COMMUNITY
POSITIONS HAVE BEEN DEVELOPED. ON OTHER HAND, EC SHOULD

UNDERSTAND PROBLEM THIS CREATES FOR OTHER OECD COUNTRIES.
ONCE NINE HAVE AGREED ON EC GOVERNMENT PURCHASING
REGULATIONS, THEY WILL BE DIFFICULT TO CHANGE. WE NEED
TO FIND A PROCEDURE THAT WILL DO TWO THINGS SIMULTANEOUSLY:
FIRST, NOT TO INTERFERE IN THE INTERNAL DECISION MAKING
PROCESS IN THE COMMUNITY; SECONDLY, PERMIT A GIVE AND
TAKE DISCUSSION ON THE ISSUES RELATED TO BOTH THE PROPOSED
EC PROCUREMENT REGULATIONS AND THE CODE ENVISAGED BY OECD.
IT SHOULD NOT BE BEYOND OUR INGENUITY TO FIND WAYS TO
ALLOW THE TWO EXERCISES TO DEVELOP IN PARALLEL AND IN
HARMONY. US HOPED IT WOULD BE POSSIBLE TO DISCUSS
THESE ISSUES IN DEPTH AT SPECIAL THAT TC
AGREED IN PRINCIPLE SHOULD TAKE PLACE IN 1973. MEAN-
WHILE TCWP COULD DO CONSIDERABLE WORK TO CLARIFY AREAS
OF AGREEMENT AND DIFFERENCES.
(C) PRINCIPLES US BELIEVES SHOULD BE EMBODIED IN
A GOVERNMENT PURCHASING CODE.
(I) CODE SHOULD BE LEGALLY BINDING ON ADHERENTS.
THIS IMPLIES THAT US WOULD SEEK CONGRESSIONAL LEGISLATION
PROVIDED CODE WERE OF ADEQUATE QUALITY.
(II) NATIONAL TREATMENT SHOULD BE A BASIC
PRINCIPLE GOVERNING TREATMENT ACCORDED TO FOREIGN
SUPPLIERS.
(III) ALL CENTRAL GOVERNMENT PURCHASING ENTITIES
AND ALL GOVERNMENT CONTROLLED ENTITIES SHOULD BE COVERED
BY AGREEMENT.
(IV) CODE SHOULD PROVIDE FOR FULL PUBLICITY ON
TENDERS SO THAT ALL POTENTIAL SUPPLIERS MAY BID. IT
SHOULD ALSO PROVIDE FOR FULL PUBLICITY ON AWARDS, SO
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 OECD P 27896 271824Z

THAT THOSE AFFECTED KNOW WHY THEY WON OR LOST CONTRACT
AND CAN CONTEST THE AWARD IF THEY HAVE GROUNDS TO DO SO.
(V) CRITERIA FOR AWARDS SHOULD BE CLEARLY
ESTABLISHED IN ADVANCE, SHOULD BE OBJECTIVE AND PUBLISHED,
SO THAT ALL CONDITIONS A POTENTIAL BIDDER MUST MEET
ARE FULLY KNOWN TO HIM.
(VI) US WOULD NOT FAVOR INCLUSION OF ANY
PROVISION IN CODE FOR DEROGATIONS.
(VII) CODE SHOULD INCLUDE PROVISION FOR
SURVEILLANCE AS WELL AS A MECHANISM FOR LODGING
COMPLAINTS AND THE SETTLEMENT OF DISPUTES.
(VIII) FOREIGN SUPPLIERS SHOULD HAVE SAME RIGHTS
TO ADMINISTRATIVE AND JUDICIAL REVIEW AS DOMESTIC
SUPPLIERS.

3. SUBSEQUENT DISCUSSION SHOWED ONLY FEW DELS READY
FOR SPECIAL TC SESSION ON GOVERNMENT PROCUREMENT BEFORE
END OF YEAR. EC DEL (HIJZENL SAID HE WAS UNABLE TO
SPEAK TO SUBSTANCE OF ISSUES. HE NOTED THAT GOVERNMENT
PURCHASING WAS PERHAPS THE LARGEST NTB. THEREFORE IT

WAS NOT GOING TO BE EASY TO RESOLVE. HE URGED TCWP TO
KEEP UP ITS WORK. SWISS AND SWEDISH DELS
DOUBTED UTILITY OF ADDITIONAL TCWP WORK AND EMPHASIZED NEED
FOR FULL TC DISCUSSION TO GIVE TCWP NEW GUIDANCE AND
ORIENTATIONS. SEVERAL DELS RAISED QUESTION OF HOW GOVERN-
MENT PURCHASING WOULD FIT INTO MTN. MOST SEEMED TO FEEL
THAT SUBJECT WOULD HAVE TO BE MOVED TO GENEVA AT SOME
STAGE BUT TIME WAS NOT YET RIPE. CONSENSUS THAT EMERGED
WAS FOR TCWP TO PURSUE ITS WORK WITH VIEW TO PREPARING
IN DEPTH SUBSTANTIVE DISCUSSION OF SUBJECT AT NEXT TC
MEETING TENTATIVELY SET FOR LAST HALF OF FEBRUARY.
CHAIR SAID TC SHOULD PLAN TO DEVOTE AT LEAST ONE FULL
DAY TO SUBJECT.

4. MISSION COMMENT: MISSION DOUBTS THAT ONE DAY WOULD
BE SUFFICIENT FOR TC TO DO JUSTICE TO GOVERNMENT PURCHASING.
THIS DOUBT SHARED BY SWISS, SWEDES AND OTHERS CLOSE TO
EXERCISE. UNLESS OTHERWISE INSTRUCTED, MISSION WILL URGE
SECRETARIAT AND OTHER DELS TO PLAN THE THIRD DAY RESERVED
FOR OTHER AGENDA ITEMS. RANGE OF SUBJECTS DELS FELT TCWP
MIGHT CONCENTRATE ON IN PREPARATION FOR TC MEETING INCLUDED (A)
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 05 OECD P 27896 271824Z

CLARIFYING OBSCURE PARTS OF DRAFT INSTRUMENT INCLUDING POINTS
OF AGREEMENT AND DISAGREEMENT; (B) TAKING IN DRAFT
INSTRUMENT OF VIEWS OF DELS WHO HAVE NOT YET YET ACTIVELY
PARTICIPATED IN EXERCISE; (C) DEROGATIONS AND PURCHASING
ENTITIES (SUGGESTED BY JAPAN); (C) SYNTHESIS OF OUTSTANDING
DIFFERENCES (SUGGESTED BY AUSTRALIA).

5. MISSION WOULD APPRECIATE WASHINGTON SUGGESTIONS
FOR TIMING AND PREPARATIONS TCWP MEETING.
BRWON

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OECDP27896
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731064/abqceczh.tel
Line Count: 201
Locator: TEXT ON-LINE
Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 27 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Jul-2001 by thigpegh>; APPROVED <21-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OECD TRADE COMMITTEE (TC) DISCUSSION OF GOVERNMENT PURCHASING, OCTOBER 22
TAGS: ETRD, OECD
To: STATE INFO NANKARA
ATHENS
BERN
BONN
BRUSSELS
CANBERRRA
COPENHAGEN

DUBLIN
THE HAGUE
HELSINKI
LISBON
LONDON
EC BRUSSELS UNN
GENEVA
LUXEMBOURG
MADRID
OSLO
OTTAWA
PARIS UNN
REYJAVIK
ROME
STOCKHOLM
TOKYO
VIENNA
WELLINGTON

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005